GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4114
ANSWERED ON:23.03.2001
CIRCULATION OF SOILED AND MUTILATED NOTES
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Will the Minister of FINANCE be pleased to state:

(a) whether the circulation of soiled and mutilated currency notes, mostly of Rs.5 and Rs.2 denominations continues in large scale, especially in North-Eastern States;

(b) the steps the Government has taken to withdraw such currencies from circulation, by issuing coins through the currency chest of RBI at Guwahati;

(c) whether there have been persistent complaints from the public about the non- cooperation/refusal of the public sector banks to exchange such currencies when tendered by public;

(d) whether the Government propose to issue instructions to the public sector banks in the North-East to entertain deposits of such currency by the people; and

(e) if so, by when?

Answer

Minister of State in the Ministry of Finance (Shri Balasaheb Vikhe Patil)

(a): The Government is aware of instances of circulation of soiled and mutilated currency notes especially of Rs.5 and Rs.2 denominations in some parts of the country, including the North-Eastern States.

(b): The supply of coins and notes to the bank branches of North-Eastern region have been stepped up. All the currency chest branches spread over the region have been instructed to open special counters for acceptance and exchange of soiled/mutilated notes when presented by the public. Special counters have been opened at the RBI Guwahati Office, besides providing such exchange facility through mobile vans in Guwahati. The RBI has also informed the public about these facilities and requested them to get their soiled and mutilated notes of Re.1, Rs.2 and Rs.5 exchanged.

(c), (d) & (e): There have been a few complaints about non-cooperation of the banks regarding exchange of soiled and mutilated notes tendered by the public. However, the RBI has directed all branches of public sector banks to exchange these notes on being presented by the public. Further, powers have also been delegated to the public sector banks and some private sector banks having currency chests to accept torn/damaged notes from the public for exchange. The RBI is repeating these instructions from time to time.